241 433 Such costs could be avoided if intensive farming measures were emphasized, internal markets developed, and these in turn linked to China through a network of transport.

II. The Communist Period

241 *668 A. General Outline of Communist Policy for Agriculture in the Northwest

The pattern of Chinese Communist agricultural policy for this region is similar to what has emerged in China. The only differences have been in the timing and pace of reform policies which stem from the varying political, economic, and geographic conditions of the Northwest.

When the People's Liberation Army had occupied the Northwest, [423] land reform on a regional scale commenced. By 1951 land reform was completed in areas with an agricultural population of seven million; rents were reduced in areas with an agricultural population of ten million. (Current Background, No. 141, November 27, 1951. General Chang Chih-chung on Development in the 241 Northwest. p. 14.) Immediately upon completion of the land *668 reform, concerted efforts were launched to increase the agricul- 474 tural and livestock production of the Northwest through coopera- 476 tivization; by establishing mutual aid teams and then combining 433 these into agr cultural producer cooperatives where land, farm implements, and livestock are pooled. The ultimate objective of the ~~Chinese~~ Communists is to cooperativize all agriculture in the Northwest, and through a network of such cooperatives, concentrate on raising productivity by expanding cultivation, sowing with better types of seeds, and using more advanced tools and farming methods. Cooperativization is taking place in villages and oases, and steps have been taken to establish state farms in regions where there are large tracts of reclaimed land.

241 Survey teams were sent out to determine what land might be 311 reclaimed and cultivated. Upon the estimates of these teams, 185 units of the army went out to reclaim the land. Because most of *668 the land surveyed was desert, the construction and extension of irrigation works, the building of reservoirs, the setting up of irrigation pumps to pump the water through newly-dug canals over the desert had to begin at almost the same time.

311 Some progress has been made in extending cultivation and 185 planting cotton by reclaiming waste land. Communist planning is *668 ambitious and in future five year plans, they intend to make the • 288 province of Shensi a textile processing area to which Sinkiang 439 and other areas in the Northwest will ship their cotton. In this [248] way, it is hoped to ultimately make the entire region self-sufficient in textile production. Textile factories are being erected in Sinkiang too for the purpose of processing cotton produced there, and it is already reported that some cotton cloth is being shipped to the U.S.S.R.

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INDUSTRY

A The Pre-Communist Period

*175 47 The Northwest was an industrially backward area in China. Before the Sino-Japanese War (1937-1945), over ninety percent of China's modern industrial plants were located in the coastal provinces, and very few people paid any attention to the industrial potential of this area. During the war years when the coastal provinces were lost to Japan, the importance of the Northwest greatly increased, and efforts were made to develop its industrial production in order to cope with the shortage of goods. But under the difficult conditions during the war, progress was very slow. Up to the end of 1942, the major industries in the Northwest were still limited to the manufacture of woolen, cotton and leather goods, machine tools, and flour-refining. (Handicrafts are not included, because of the lack of information.)

1. The woolen industry

*175 • 288 474 [491] The woolen industry in the Northwest was distributed among the following cities: in Lanchou, Kansu, there were thirteen factories and thirteen cooperatives engaged in woolen manufacturing. The biggest one was the Kansu Woolen Weaving Factory, which was built by Tso Tsung-tang in 1876 with a capital of some L. 80,000. Equipped with a 240 horsepower generator and twenty-one machine looms, it began production in 1879, turning out some twenty pieces of woolen cloth per day. But production of this factory was interrupted from time to time due to political instabilities and other reasons. It did not fully come back to life until after the Sino-Japanese War when the Ministry of War took it over and changed it into a blanket-making factory for the armed forces. The next was the [471] Lanchou Woolen Weaving Factory, which had a capital of CNC $600,000, and which produced some CNC$6,000,000 worth of goods in 1942. Another is the Experimental Factory of the Weaving Cooperatives, which turned out some CNC$5,400,000 worth of goods in the same year. The rest were on a very small scale, using only hand looms. The twenty-six woolen [483] factories and cooperatives in Lanchou had a total capital of CNC [497] $2,800,000, and they produced 95,600 army blankets, 30,400 ordinary blankets, 800 square feet fine woolen, and 1,062 pieces of other woolen cloth in 1942, the value of which was CNC$22,600,000.

In Yü-lin, Shensi, there were nineteen small factories and nine industrial cooperatives. They had 204 looms in all. But only one was power-operated, and the rest were hand looms. The output of the industry as a whole was not reported, but it is known that the raw wool which they consumed during one

year exceeded 2,000,000 catties, or some 2,600,000 pounds.

There were twenty-five factories in other cities in Shensi, of which number thirteen were in Sian, nine in Pao-chi, and one each in San-yuan, Ta-li and Pai-shui. Their output was also not disclosed, but their annual consumption of raw wool was reported as 720,000 catties ching, much smaller than that in Yu-lin. Besides, there were ten cooperatives in Sian and Pao-chi, which could produce 600,000 to 700,000 army blankets per year.

In Ninghsia, there were five small factories with a total capital of CNC$230,000. They produced some CNC$1,200,000 worth of goods in 1941. All of them were using hand looms.

In Sinkiang, there was one woolen factory in operation, but details are lacking. There is no report of woolen factories or cooperatives in Chinghai.

2. The cotton industry

The development of cotton industry in the Northwest was mainly stimulated by the Sino-Japanese War. Before 1937, there was not a single modern cotton factory in this area. But during the war, many factories had moved from the Japanese-occupied areas to Shensi, and many new ones were built there. In 1942, the total number of spindles exceeded 60,000, and the annual consumption of raw cotton was 130,000 piculs, about twelve percent of the total production of Shensi.

3. The machine tool industry

There were forty-five machine shops in Shensi, six in Kansu, and three in Sinkiang. The more important ones are as follows:

1. Hsi-ching Machine Factory, Sian, which was built around 1910 and equipped with fifty-five tool-making machines such as lathe, planing, drilling and pressing machines. Its annual capacity was as follows: four lathe, three water-pumping machines, ten iron looms, five cotton extracting machines, twenty gianing machines, five printing machines, and a number of paper-making machines. Besides, it also accepted orders for the repair of machinery and weapons of war.

2. Hsi-ching Machine Repairing Factory, Sian, the main job of which was to make auto parts. Its monthly output was 90 pistons, 2,500 piston rings and 180 gears, enough for the maintenance of eighty trucks.

3. An iron works, operated by the army, which turned out some twenty looms per month, and also basic machine tools.

4. The Northwest Machine Factory, which had more than eighty basic machine tools, such as lathe, planing machine, drilling machine, etc., was perhaps the largest machine shop in the Northwest, and its main task was to make looms and parts for the textile industry.

315 interested in the Yümen Oil Field. In 1940, one well was completed, and a small refinery was also built in Yümen.

*668 B. The Communist Period

47 The Communist government has paid special attention to
*175 developing the industrial potential of the Northwest, in order to remedy the unbalanced industrial development in the past. Up to the end of 1955, the major accomplishments were as follows:

*668 1. Shensi

*175 The most important industrial development in Shensi under
• 288 the Communist regime is its textile industry. According to an August, 1953, report, three new textile mills, presumably the Northwest Number 2, 3, and 4 Plants, and one dye mill were under construction in Central Shensi. At the same time, three other textile mill were expanded. When these mills are completed, the Northwest will have an additional 136,800 spindles and over 5,000 automatic looms. The total number of spindles will then be three times and the number of looms 4.4 times those of 1949. According to an April, 1955, report, the three mills have all been completed, and a Number 5 Plant, with 100,000 spindles, was under construction. By the end of 1957, the total number of spindles in Shensi will be approximately 300,000.

A sheet and towel factory, known as Huang-ho Textile Factory, was built in Sian, first of its kind in the Northwest. It is expected to supply the people in the Northwest with over two hundred thousand bed sheets and bed covers of different colors and designs and one hundred and thirty dozens of pillow cases and face towels every year. Since it started production in March 1955, it has shipped many of its products to the areas inhabited by minority peoples in Chinghai and Sinkiang.

In addition to the textile industry, they have built or expanded
*668 the following factories in Shensi:
*175
[386] 1. A new paint factory in Sian is supplying more than fifty different products for the country's needs. This was completed in 1953.

[256] 2. A flour mill of unidentified capacity was also built in Sian during 1953.

[395] 3. The expanded Tien Chiang Instrument Manufacturing Factory started production January 1955. Its output trebled that of 1954. The instruments they made were for geological surveys.

[339] 4. A mechanized brick factory in Sian started production in April, 1954. It will turn out nearly one hundred million bricks annually. Up to June, 1955, it has already supplied ten million bricks to the construction of buildings in Sian.

and is used mainly for wrapping. The annual output of the white flax paper is about 966,870 bundles, and that of black flax paper is 3,982,480. Part of this is exported to Szechwan, Hankow and Anhwei.

(c) The "improved" paper. It is produced and consumed mainly in Kansu, at the rate of some 300,000 bundles per year.

(d) The "mulberry-skin" paper. It is produced and consumed mainly in Sinkiang, at the rate of some 565,977 bundles a year.

(4) Bamboo articles. A side-line of farmers, they are made in many places, especially in Hua-hsien and Han-chung, in Shensi and Min-hsien, in Kansu. The annual output is estimated as follows: (1)farming implements, 29,280 picuis, (2) sieves, 132,300, (3) large bamboo baskets, 480,000, and (4) small bamboo baskets, 27,000.

(5) Straw hats. Also a side-line of farmers, they are made in many places, especially in Feng-hsiang, Wei-nan, Lin-tung, and Chang-an, in Shensi. The annual output in Shensi alone exceeds 1,377,900 hats.

(6) Brooms. They are made mainly in the districts near Mount Chung-nan, such as Mei-hsien and Chang-an. The annual output exceeds 800,000 brooms.

(7) Straw mats. They are produced mainly in Sui-te, Shensi, Chang-i, Kansu and Ninghsia City, Ninghsia. The annual output exceeds 3,000,000 pieces.

(8) Wooden rakes. One of the main farming implements in the Northwest, they are made mainly in Chang-an, Pu-cheng and Tung-chuan, Shensi. The annual output is about 88,000 pieces.

(9) Iron utensils. They are produced mainly in Pao-chi and Feng-hsiang in Shensi, and Tienshui in Kansu. The annual output is about 76,000 counts.

(10) Carpets. Carpet-making is one of the main handicrafts in Sinkiang. The carpets come in various sizes, up to eight by sixteen feet. The annual output exceeds 10,000 square feet. Of that quantity, some six thousand square feet is exported to India, Afghanistan and Soviet Russia and the rest is sold locally or to other provinces in the Northwest.

6. Evaluation and Prospects.

For the time being, the Communists seem to have concentrated on two things in industrializing the Northwest, one being the cotton industry in Shensi and Sinkiang, and the other being the oil industry in Kansu, Sinkiang and Chinghai. From the economic point of view, these developments are not unnatural, because Shensi and Sinkiang have been famous for their raw cotton, and the oil reserve in China is largely located in the Northwest.

While the present industrial development in the Northwest may not appear so impressive, this area will probably become

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Sinkiang and Outer Mongolia have been re-opened for traffic. (See section Communications.) With these improvements in transportation, it is only logical to assume that trade in the Northwest must also have increased in volume.

Another important change is the increase of production of the Yümen Oil Field and the establishment of four new textile factories in Shensi (for details see section Industry). Although there is no information on the distribution of these products, it is reasonable to assume that most of them are intended for the consumption in the Northwest. If this is the case, the import of textiles and kerosene, which were two of the most important items of the imports of this region, must have been reduced.

Still another important change is the enlargement of cotton plantations in Sinkiang. It is reported that the China Cotton, Yarn and Cloth Company in Sinkiang-Uighur Autonomous Region plans to send five thousand tons of cotton to other parts of the country in addition to ensuring an adequate supply for local consumption. On November 3, 1955, the first cargo of cotton of Sinkiang was dispatched to Shensi for its textile industry.

B. Government Control

The Communist control of trade in the Northwest is more or less the same as that in other parts of the country. The main instrument of control is the state trading companies, which are in charge of wholesale trade and, together with the various co-operatives and mobile trading units, purchase of native products from this region. According to Communist reports, the six basic commodities in Sian, i.e., food, cotton cloth, edible oil, coal, tea and salt, have been fully monopolized by the state trading companies since June 29, 1955; and all private wholesale establishments dealing with those goods have been liquidated. More than one hundred members of the "capitalist side" were sent to reform camps; and the store assistants were either employed by the state trading companies or sent back to their native places to seek other employment. In the Sinkiang-Uighur Autonomous Region, the number of branches of state trading companies exceeded five hundred in 1954, about eight times as many as in 1950. They provide the people there with general merchandise, cotton cloth, oil and fats, petroleum, pharmaceuticals and stationary.

Aside from supplying goods on the wholesale level, the state trading companies have also undertaken to buy goods from this region. Among the goods bought in 1950 are: (1) wool, 23,000 catties, (2) hides, 800,000 pieces, (3) intestines, 1,270,000 pieces, (4) bristles, 280,000 catties, (5) tung oil, 4,500,000 catties, (6) medical herbs, 4,000,000 catties, (7) cotton, 800,000 piculs and (8) grain, 130,000,000 catties (cf. The Native Products of the Northwest, preface, Sian, 1951).

2: Teichman G-8 (1919) 1921 AF13 Northwest China AF13

438 the North West after Hsian Fu, and all the trade there is in the province converges upon it. Traders from Tientsin, Szechuan, Turkestan, Mongolia, Siberia, Tibet, and even India may be met with in its streets.

132 Kansu is considered by the Chinese of other provinces to be a dreadfully bitter place (*k'u ti hen*), nothing but wild Mahomedans and no rice to speak of; but for a European it is in many ways the pick of the eighteen provinces. Lanchou lies a little under 5000 feet above sea-level, which in that latitude means a white man's climate, no mosquitoes, and the wearing of European clothing all the year round.

262 As regards food, excellent wheat flour, mutton, and milk are always obtainable, the two latter often scarce in other parts of China, and game is extraordinarily abundant in

271 many regions. I have only one complaint to make against Kansu and that is the brackish water in certain parts. At Lanchou itself there are springs of sweet water at Wuch'uan Shan, a collection of temples on the hills immediately to the south of the city, and the Yellow River water is also good after it has been allowed to stand and clear itself.

[233] Lanchou being situated near some of the best sheeps-

288 wool producing regions of Asia, and the climate being essentially a northern one, common sense indicates it as a suitable centre for a cloth-making industry. This was recognized as long ago as the days of the great General Tso, who established a cloth factory, which was subsequently modernised during the comparatively progressive and constructive era preceding the Revolution by the introduction of modern foreign machinery and several Belgian instructors. But the Revolution put an end to progress in this enterprise as in so many others, and the foreigners have now all departed, and the factory does not flourish. All the same, on my departure from Lanchou, the Governor insisted on my taking away, as mementoes of progress in Kansu, two locally manufactured blankets, made, I think, of camels' hair, which were really first-class articles, and hard to beat anywhere for warmth and good wearing utility. There ought to be a large market for native-made cloth amongst the Kokonor Tibetans and beyond, but the trade seems never to have been developed successfully. There are also other

381 so-called factories, for the manufacture of matches, soap, etc.,

Geography of the Chinese Empire, 1908, believes there are 500,000 inhabitants; Filchner, Bilder aus Kansu, 1912: 300,000-400,000 inhabitants. The high figures are improbable if only because, according to the census of 1910, all of Kansu has only about 4,000,000 inhabitants and according to the census of 1832 the whole district had only 468,000 souls. 361

Lanchow fu's chief source of revenue is its tobacco industry. The so-called Lanchow schui yen, that is, the water-pipe tobacco which is greenish in color, bites the tongue and is very finely cut, almost pulverized for the trade, is manufactured here. The Chinese value it very highly and it has for years been shipped far south, to Szechwan and the Yangtze Valley. On the outskirts of the city, in fields irrigated by means of large wooden water wheels (Plate XXXI), practically only tobacco is raised. (3) It is a species that I did not see 249 439

3. Besides tobacco, some rice and cotton, poppies, wheat, etc., were planted; only on the Hwang Ho bank and on the islands did groves of pears and peaches, and jujubes and grapes cover a large area.

farther south, with broad, thick, dark green and shiny leaves. In the fall the plants are very carefully pulled out of the ground and dried under straw coverings so that they keep their green color. There are about 20 large hang (manufactories) besides 70 small ones. In these all kinds of other ingredients are added to the tobacco and with the addition of a great deal of hung ma (linseed oil) the leaves are hammered together and pressed into cubes one to two cubic meters in size. At certain times one sees strong workmen everywhere along the streets working in 16-hour shifts, cutting up such cubes with a long plane. The commercial value in the city alone was 2,000,000-3,000,000 marks.

For years there was also a mechanical cloth-weaving industry in Lanchow fu, which had been established in the '70s by the great viceroy Tso ts'ung /152/ and was run by four Germans. But the Chinese officials who supervised it stole so much that it was given up as unprofitable more than 20 years ago. 289

Because of its location the city is, of course, also a center of transit trade. Wooden rafts consisting of several layers of beams are built here on the Hwang Ho out of wood from Tao tschou. Several 501